

Message Text

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ACTION H-03

INFO OCT-01 NEA-09 ISO-00 SS-07 NSC-06 RSC-01 AID-01 /028 W

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R 161540Z JAN 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 1457

INFO AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY ALGIERS

AMEMBASSY DAMASCUS

AMEMBASSY TEL AVIV

CINCEUR

UNCLAS CAIRO 0516

PLS PASS TO TOM FLAHERTY IN SENATOR PERCY'S OFFICE

E.O. 11652: NA

TAGS: OREP (PERCY, CHARLES)

SUBJECT: PERCY STATEMENT TO PRESS ON DEPARTURE FROM CAIRO

1. SENATOR CHARLES H. PERCY SAID AT PRESS CONFERENCE PRIOR HIS DEPARTURE FROM CAIRO TODAY, AFTER A THREE DAY OFFICIAL VISIT FOR THE U.S. SENATE FOREIGN RELATIONS COMMITTEE, THAT HE HAD COME TO SEVERAL CONCLUSIONS AFTER A SERIES OF LENGTHY AND PRIVATE INDIVIDUAL TALKS WITH PRESIDENT SADAT AT HIS BARRAGES REST HOUSE, WITH PRIME MINISTER HEGAZY, FOREIGN MINISTER FAHMY, SPEAKER OF THE ASSEMBLY MAR'I, AND THE MINISTERS OF PETROLEUM, HOUSING AND RECONSTRUCTION, AND INTERIOR.

2. PERCY SAID THAT IN HIS CONVERSATIONS HERE, HE WAS AGAIN IMPRESSED BY THE SENSE OF URGENCY ALL OBSERVERS PLACE ON THE DESIRABILITY OF TANGIBLE PROGRESS TOWARD A SETTLEMENT OF THE ARAB-ISRAELI CONFLICT. "IN CAIRO, AS IN THE OTHER MIDDLE EASTERN CAPITALS I HAVE VISITED THESE PAST TWO WEEKS", SAID PERCY, "THERE IS ALMOST A UNANIMOUS FEELING THAT TIME IS RUNNING OUT. NO ONE WANTS ANOTHER WAR; I FEAR, THOUGH, THAT UNLESS THERE IS A BREAKTHROUGH SOON ON THE NEGOTIATING FRONT, TIME, TENSIONS AND EVENTS MAY CONSPIRE

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TO IGNITE ANOTHER MAJOR CONFLICT. A FIFTH WAR WOULD NOT ONLY

BE DEVASTATING TO THE PARTIES DIRECTLY INVOLVED, BUT EXTREMELY DAMAGING TO MUCH OF THE WESTERN WORLD AND JAPAN ALMONG OTHERS."

3. PERCY SAID THAT THERE IS UNLIKELY TO BE A BETTER OPPORTUNITY THAN NOW TO NEGOTIATE A LASTING PEACE. "IN ANY PEACE," THE ILLINOIS SENATOR SAID, "THE SOVEREIGNTY OF THE STATE OF ISRAEL AND ITS PEOPLE MUST BE ASSURED. I HAVE FOUND NO BASIC DISAGREEMENT WITH THE CARDINAL CONCEPT IN MY TRAVELS TO DATE IN THE ARAB WORLD, A SIGN OF REAL PROGRESS. A PEACE SETTLEMENT WOULD ALSO BRING AN END TO DISCRIMINATORY ECONOMIC PRACTICES SUCH AS THE ARAB BOYCOTT OF FIRMS DOING BUSINESS WITH ISRAEL, AND RESTRICTION IN THE PASSAGE OF ISRAELI-FLAG SHIPS AND CARGOES THROUGH THE SUEZ CANAL. ALL NATIONS WILL BE BENEFITED BY LOWER PRICES AND GREATER COMPETITION WHEN THESE PRACTICES END.

4. "I HAVE GREAT FAITH IN PRESIDENT SADAT. HE IS AN IMPRESSIVE LEADER, A REASONABLE MAN, A MODERATE MAN, A MAN DEEPLY DEVOTED TO HUMANITY AND THE WELFARE OF HIS OWN PEOPLE, A MAN WHO SINCERELY WANTS PEACE SO THAT HIS COUNTRY CAN GET OUT FROM UNDER MORE THAN A QUARTER CENTURY OF WAR CONDITIONS AND GET ON WITH THE BUSINESS OF BUILDING A BETTER LIFE FOR ALL OF ITS PEOPLE.

5. "THE UNITED STTATES, WHICH CONSIDRS ITSELF A FRIEND OF BOTH EGYPT AND ISRAEL, CAN SERVE AS A VALUABLE GO-BETWEEN FOR THESE TWO COUNTRIES. ON MY FORTHCOMING VISIT TO ISRAEL, I INTEND TO CONVEY TO ITS LEADERS THE SINCERE DESIRE FOR PEACE THAT EXISTS IN THIS COUNTRY AND THROUGH THOSE PARTS OF THE ARAB WORLD THAT I HAVE VISITED TO DATE. I KNOW ALSO THAT FINDING A PEACEFUL SETTLEMENT OF THE CONFLICTS IN THE MIDDLE EAST HAS BEEN MOVED TO A FOREIGN RELATIONS POSITION OF FIRST PRIORITY BY PRESIDENT FORD, VICE PRESIDENT ROCKEFELLER AND SECRETARY KISSINGER. I KNOW OF NO INDIVIDUAL MORE DETERMINED TO FINDING A JUST AND LASTING SETTLEMENT THAN OUR SECRETARY OF STATE.

6. "I FOUND PRESIDENT SADAT DEEPLY CONCERNED THAT PROGRESS TOWARD A PEACE SETTLEMENT BE REGISTERED ALSO WITH RESPECT UNCLASSIFIED

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TO SYRIA AND TO THE LEGITIMATE RIGHTS OF THE PALESTINIANS."

7. SENATOR CHARLES PERCY SAID HE HAD DISCUSSED DURING HIS TRIP THE POSSIBILITY OF A LARGE SCALE DEVELOPMENT PROGRAM TO REBUILD THE EGYPTIAN ECONOMY. PERCY SAID THAT THE IDEAS WERE NOT ORIGINAL BUT A COMPILATION FROM MANY CONVERSATIONS HE HAD HAD ON HIS PRESENT MIDDLE EAST FACT FINDING TOUR.

8. "THE CONCEPT" PERCY SAID, "IS TO CONSTRUCT A MULTI-BILLION DOLLAR INTERNATIONAL DEVELOPMENT PROGRAM TO REJUVENATE THE EGYPTIAN ECONOMY OVER THE NEXT FIVE YEARS. THE PROGRAM WOULD BE BASED ON FUNDS MADE AVAILABLE FROM ARAB OIL EXPORTING NATIONS." THE OBJECTIVE OF THE PROGRAM WOULD BE TO REBUILD THE ECONOMIC INFRASTRUCTURE OF EGYPT WHILE PROVIDING THE FOREIGN EXCHANGE NECESSARY FOR THE IMPORTATION OF URGENTLY NEEDED BASIC COMMODITIES. PERCY STATED THAT THE MID EAST WAR ISSUE MUST BE RESOLVED AND THE ECONOMIC INFRASTRUCTURE OF EGYPT MUST BE STRENGTHENED IF LARGE AMOUNTS OF PRIVATE CAPITAL ARE TO BE ATTRACTED TO BUILDING EGYPTIAN INDUSTRY. FURTHERMORE HE SAID, "A COMMODITY IMPORT PROGRAM WOULD ALSO PROVIDE ADEQUATE SUPPLIES OF BASIC ITEMS AT RESONABLE PRICES."

9. "THE PROGRAM," PERCY FELT, "COULD BE ADMINISTERED THROUGH THE WORLD BANK AND SUPPORTED BY THE ARAB OIL EXPORTING NATIONS WITH LARGE INTERNATIONAL MONETARY SURPLUSES, ESPECIALLY THOSE IN THE MIDDLE EAST SUCH AS SAUDI ARABIA WHO I HOPE AND BELIEVE WANT TO HELP THEIR ARAB BROTHERS IN POPULOUS NATIONS WITHOUT LARGE SOURCES OF WEALTH. THE UNITED STATES COULD PROVIDE AND CONTRACT FOR MANAGEMENT SERVICES AND TECHNOLOGY THROUGH THE BILATERAL COMMISSION ESTABLISHED BY PRESIDENT SADAT AND FORMER PRESIDENT NIXON. FURTHER EXPANSION OF THE PLAN MIGHT ALSO INCLUDE THE DEVELOPMENT OF THE RICH AGRICULTURAL POTENTIAL OF THE SUDAN TO PROVIDE FOOD FOR BOTH EGYPT AND SAUDI ARABIA AND FOR EXPORT. THE CONCEPT IN ITS BROADEST TEMS." PERCY SAID, "COULD BE A COMPLEMENTARY REGIONAL ECONOMIC DEVELOPMENT PROGRAM FOR EGYPT, SAUDI ARABIA AND THE SUDAN". PERCY COMMENTED THAT HE INTENDS TO DISCUSS THE CONCEPT WITH ROBERT MCNAMARA, PRESIDENT OF THE WORLD BANK, WHEN HE RETURNS TO WASHINGTON AT THE UNCLASSIFIED

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END OF THIS MONTH.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 16 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975CAIRO00516
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750017-1038
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750147/aaaabpkv.tel
Line Count: 156
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION H
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 25 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 APR 2003 by SilvaL0>; APPROVED <25 Nov 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PERCY STATEMENT TO PRESS ON DEPARTURE FROM CAIRO
TAGS: OREP, (PERCY, CHARLES)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006